

# MTFS Update

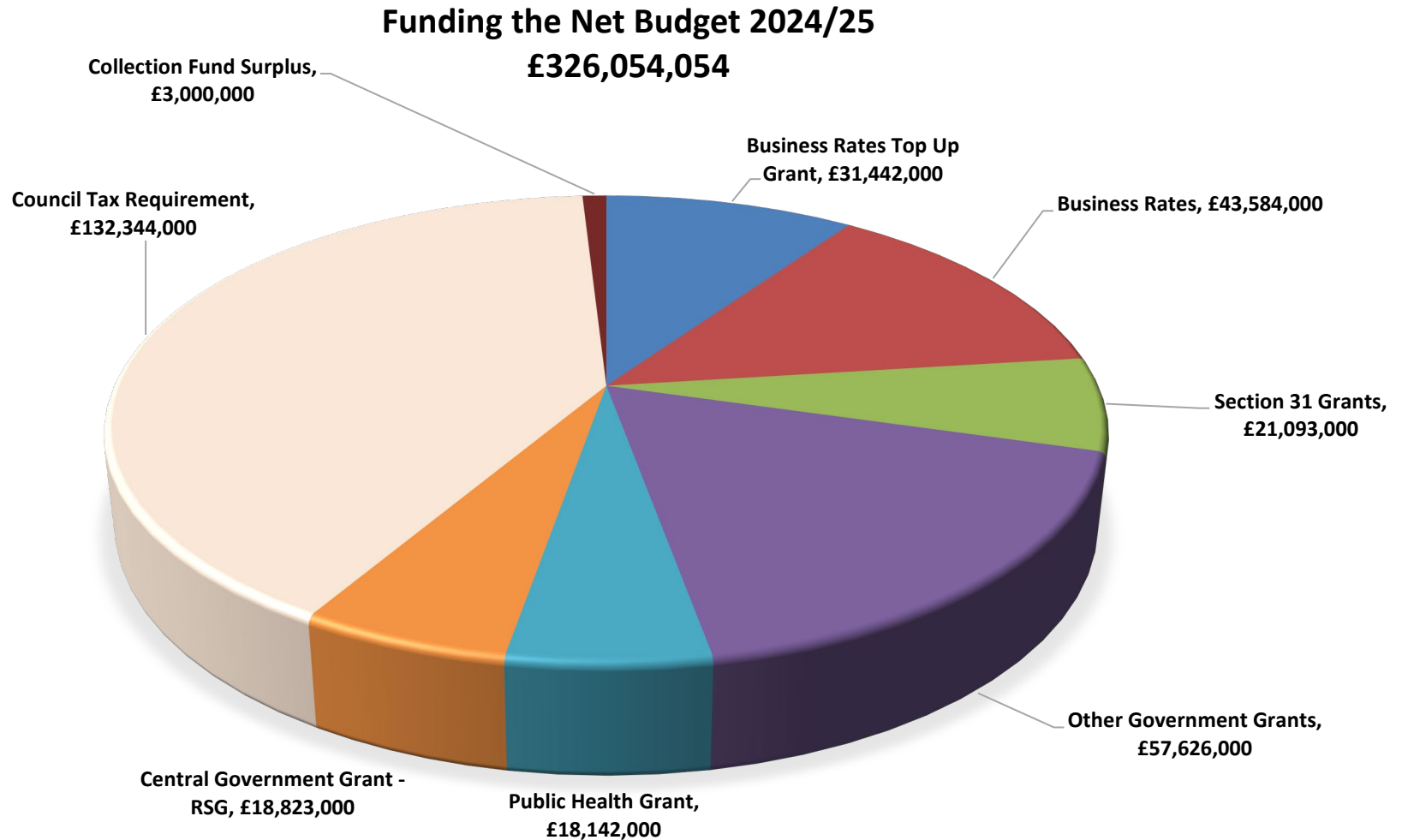
## OSMB 14<sup>th</sup> January 2025

# Local Context

## Main pressures

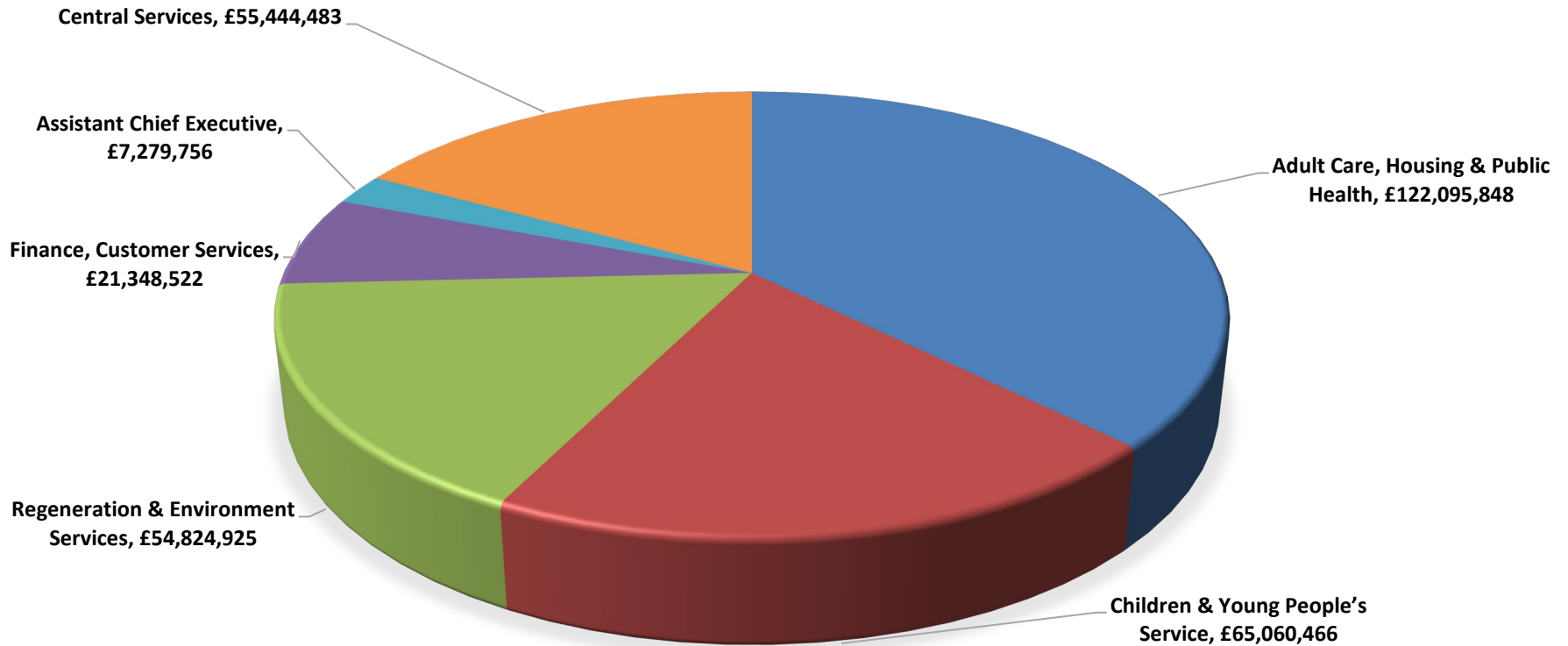
- Placement pressures within Children and Young People's Services and Adult Social Care.
- Home to School Transport pressures within Regeneration and Environment and Children and Young People's Services.
- Pressures on income generation within Regeneration and Environment, relating to the longer-term recovery from Covid-19 and the cost of living crisis.
- Inflationary costs impacting the cost of food in Schools Catering and contractual and provider inflation impacting Children and Young People's Services.
- Increased costs of homelessness due to increased demand.
- Increased property costs
- Impact of the Local Government Pay Award.

# How the Council is funded



# Where the money is spent (net)

Net Revenue Budget 2024/25  
£326,054,000



# Net Revenue Budget Comparison

Net Revenue Budget By Directorate - Comparison



# Budget 2024/25 & MTFS

In order to set a balanced Budget for 2024/25 the Council approved the following:

- Further increases in fees and charges to 6% (up from MTFS plan of 2%)
- Council Tax increased by 3.5% out of a possible 5% (0.5% above what had been assumed in MTFS)
- £4.6m use of reserves across 2024/25 and 2025/26 (£9m less than planned at 2023/24 Budget)
- No new savings for 2024/25
- New revenue investments of £1.8m
- Funding gap of £6.6m in 2025/26, not a concern at that point given uncertainty and time.

<b><u>Net Budget Position</u></b>	2024/25	2025/26
	£000	£000
Gap	0	<b>6,630</b>



# 2024/25 Current Financial Challenge



- Placement pressures within Children and Young People's Services (£4.8m) and **Adults Social Care (£6.6m)**.
- Home to School Transport pressures within Regeneration and Environment (£2.5m) and Children and Young People's Services (£1.1m).
- Inflation has rebased our costs, over 20% increase in base costs over last 2 years.
- Increased costs of homelessness due to increased demand.
- Pressure in waste management on staffing, vehicle costs, disposal costs and related income.
- Impact of the Local Government Association (LGA) Pay Award.

## November Monitoring Position 2024/25

Directorate	July Forecast Variance over/under (-)	Movement since July	November Forecast Variance over/under (-)
	£m	£m	£m
Children and Young People's Services	5.5	0.3	5.2
Adult Care, Housing & Public Health	6.8	0.8	6.0
Regeneration and Environment Services	4.7	-0.5	5.2
Finance and Customer Services	0	0.7	-0.7
Assistant Chief Executive	0	0.2	-0.2
Central Services	-10.9	0	-10.9
<b>Directorate Forecast Outturn</b>	<b>6.1</b>	<b>1.5</b>	<b>4.6</b>



Budget and MTFS Update	2025/26	2026/27	2027/28
	£000	£000	£000
<b>Gap</b>	<b>6,630</b>	<b>9,683</b>	<b>12,507</b>
H2S	800	800	800
CYPS Placements Current Pressure above cont	1,000	-	-
CYPS inflationary pressures	1,238	1,238	1,238
Waste Management Pressures	500	500	500
Homelessness (£1m pressure in 23/24)	-	-	-
<b>Adult Demand pressures 24/25 &amp; step up into 2025/26</b>	<b>13,200</b>	<b>13,200</b>	<b>13,200</b>
Pay award assumptions	3,300	3,300	3,300
Minor MTFS adjustments	310	310	310
September CPI Impact at 1.7% rather than 2%	343	350	357
Impact of NIC increase	4,544	4,544	4,544
Energy position	- 500	- 500	- 500
School Meals	- 1,200	- 1,200	- 1,200
CYPS Placements Contingency removed		- 3,400	- 3,400
Treasury Management MTFP	- 4,000	- 4,700	- 5,000
Collection Fund	- 2,000	- 2,000	-
<b>Management Actions / Budget Recovery</b>	<b>- 5,850</b>	<b>- 4,674</b>	<b>- 4,674</b>
New Funding for employers NIC cover	- 4,544	- 4,544	- 4,544
New Funding for Adult Social Care (£600m)	- 3,360	- 3,360	- 3,360
New Funding for General Purposes (£700m - Potentially up to £2.8m)			
<b>Revised Position October 2024</b>	<b>10,411</b>	<b>9,547</b>	<b>14,078</b>

# December MTFS Update

## Technical update to Cabinet

- Picking up on what we know, rather than trying to pre-empt Governments plans.
- Deal with inflation, energy, pay award position.
- Refresh future pay assumptions
- Refresh Council Tax / Business Rate assumptions
- Refresh Fees and Charges assumptions
- **Expected Budget Gap of £5m-£10m per annum (pending Autumn Policy Statement clarity)**

# Autumn Statement & Provisional Settlement Impacts

- September's CPI was confirmed at 1.7%, £350k resources reduction
- Autumn Statement & Provisional Settlement really positive
- £1.3bn extra – inc **£0.68bn for Social Care** (£3.8m for RMBC)
- **Bulk of £0.7bn is new recovery grant, to be provided on deprivation basis (£8.7m for RMBC – Services Grant cut £0.4m)**
- £1bn more for SEND – expected to flow into Dedicated Schools Grant to support High Needs Block.
- Extended Producer Responsibility (EPR) grant- £6.1m
- £233m for Homelessness grant continues £86m for further Disabled Facilities Grants
- Household Support Fund to continue for a further year
- **New Homes Bonus announced for further year £1.4m**
- NIC funding of £515m to cover LA pressures, concerns around allocation.

Budget and MTFS Update	2025/26	2026/27	2027/28
	£000	£000	£000
<b>Approved MTFS Position per Budget and Council Tax Report 204/25</b>	<b>6,630</b>	<b>9,683</b>	<b>12,507</b>
H2S	800	800	800
CYPS Placements Current Pressure above contingency	2,000	-	-
CYPS inflationary pressures	1,738	1,738	1,738
Waste Management Pressures	1,500	1,500	1,500
Homelessness (£1m pressure in 23/24)	-	-	-
Adult Demand pressures 24/25 & step up into 2025/26	11,800	11,800	11,800
Pay award assumptions	3,300	3,300	3,300
MTFS adjustments / inflationary impacts	1,327	890	890
September CPI Impact at 1.7% rather than 2%	343	350	357
Impact of NIC increase	3,900	3,900	3,900
Energy position	-500	-500	-500
School Meals	-1,200	-1,200	-1,200
CYPS Placements Contingency removed	0	-3,400	-3,400
Treasury Management MTFP	-3,000	-4,240	-4,000
Collection Fund		-2,000	-2,000
Management Actions	-6,323	-5,138	-5,138
New Funding for employers NIC cover	-2,500	-2,500	-2,500
New Funding for Adult Social Care (£600m)	- 3,808	- 3,808	- 3,808
New Funding - Recovery Grant - £600m (less Services Grant cut)	-8,323	-8,323	-8,323
New Homes Bonus	-1,452	0	0
Extended Producer Responsibility	-6,100	-4,000	-4,000
<b>Revised Position</b>	<b>132</b>	<b>-1,148</b>	<b>1,923</b>

# Decision points

The following areas are decision points to be considered in order mitigating the revised budget gap.

- Fees and Charges uplifted above assumed 2%
- New savings proposals
- Council Tax increases above the 3% assumed in the MTFS (max 5%)
- Further use of reserves
- New investments Capital or Revenue

# Reserves Position

	Approved Budget & MTFS 24/25
<b>Total General Fund Reserves</b>	59.0
<b>Use in 24/25</b>	
Treasury Management Savings	-4.2
Covid Recovery Fund	-0.1
Local Council Tax Support Grant	-1.2
Collection Fund Income Guarantee Grant	-0.7
<b>Use in 25/26</b>	
Treasury Management Savings	-0.4
Budget and Financial Strategy Reserve	0
<b>Use in 26/27</b>	
Treasury Management Savings	
Budget and Financial Strategy Reserve	
<b>Use in 27/28</b>	
Budget and Financial Strategy Reserve	
<b>Total General Fund Reserves</b>	<b>52.4</b>
Reserves Balance at point of 2023/24 Budget	43.7
<b>Net improved reserves position</b>	<b>8.7</b>

Corporate Reserves	Balance as at 31 March 2024	Balance as at 31 March 2026
	£m	£m
<b>Corporate Reserves</b>		
Budget and Financial Strategy	13.9	13.9
Business Rates	4.0	4.0
Corporate Revenue Grants Reserve	2.5	2.5
Covid Recovery Fund	0.1	0.0
Local Council Tax Support Grant	1.2	0.0
Collection Fund Income Guarantee Grant	0.7	0.0
Treasury Management Savings	11.6	7.0
<b>Total</b>	<b>34.0</b>	<b>27.4</b>
<b>General Fund Minimum Balance</b>	<b>25.0</b>	<b>25.0</b>
<b>Total General Fund Reserves</b>	<b>59.0</b>	<b>52.4</b>

# Challenges ahead

- **Adult Social Care** cost of care packages, rising demand and complexity leading to large pressures. Last 2 years has seen demand/pack complexity rise by £7m (excluding inflationary increases).
- **Home to School Transport** - £3.5m contingency doesn't appear to be sufficient for long term sustainability (£4.3m current year overspend).
- Future **Pay Awards** remain difficult to predict, 2024/25 impact £3m above Budget. Inflation is now down below 2%.
- **CYPS Placements** remains a challenge nationally
- **Waste** remains a challenge though work around route optimisation will reduce impact.
- **Autumn Statement** understanding the full and true impact of what appears to be a positive outcome for the Council.

# Impact of additional Council Tax Increases

- The current MTFs assumes a Council Tax increase of 2.99%.
- 1.99% basic and 1% Adult Social Care Precept
- The Financial Settlement (2025) gave capacity to uplift basic to 2.99% and Adult Social Care Precept by 2%, creating a maximum increase of 5% for 2025/26.
- The table below outlines the annual and cumulative impact of these potential increases for 2025/26, if utilised.

	£m
Council Tax Increase Impact 3%	3.970
Council Tax Increase Impact 4%	5.294
Council Tax Increase Impact 5%	6.617



# Impact of increase in Council for 2025/26 at 3%, 4% and 5%

Council Tax Band	Impact of Council Tax Increases 2025/26								
	A	B	C	D	E	F	G	H	Tax Base
	£	£	£	£	£	£	£	£	BDE (ESTIMATE)
2024/25 Total RMBC only (Basic and ASC) (excl. Police, Fire and Parishes)	1210.76	1412.56	1614.35	1816.15	2219.73	2623.32	3026.91	3632.29	72,871

NB Band Taxes are Band D/9 multiplied by proportion specified.

Percentage Increase	3.00%	1247.09	1454.94	1662.79	1870.63	2286.33	2702.03	3117.72	3741.27	
		1.030	1.030	1.030	1.030	1.030	1.030	1.030	1.030	
Rounded and		1247.09	1454.94	1662.79	1870.63	2286.33	2702.03	3117.72	3741.27	
Cash increase full year		36.33	42.38	48.44	54.48	66.60	78.71	90.81	108.98	
Cash increase per week (52.143pa)	52.143	0.70	0.81	0.93	1.04	1.28	1.51	1.74	2.09	
Additional yield (2022/23 Tax Base)										3,969,985

Percentage Increase	4.00%	1259.20	1469.06	1678.93	1888.80	2308.53	2728.26	3147.99	3777.59	
Cash increase		48.44	56.50	64.58	72.65	88.80	104.94	121.08	145.30	
Cash increase per week (52.143pa)	52.143	0.93	1.08	1.24	1.39	1.70	2.01	2.32	2.79	£
Additional yield / per week increase above :		0.23	0.27	0.31	0.35	0.43	0.50	0.58	0.70	5,294,042
										Additional to current MTFS 1,324,057

Percentage Increase	5.00%	1271.31	1483.19	1695.07	1906.96	2330.73	2754.49	3178.26	3813.92	
Cash increase		60.55	70.63	80.72	90.81	111.00	131.17	151.35	181.63	
Cash increase per week (52.143pa)	52.143	1.16	1.35	1.55	1.74	2.13	2.52	2.90	3.48	£
Additional yield / per week increase above :		0.46	0.54	0.62	0.70	0.85	1.01	1.16	1.39	6,617,370
										Additional to current MTFS 2,647,385

# Local Council Tax Support Top Up

## 2024/25 and 2025/26 scheme update:

- Council approved Budget 2024/25 included LCTS Top Up scheme
- The scheme was to run on the same basis as 2023/24 the cost will range from £1.7m to £1.9m dependent on LCTS levels.
- Grant reserves available and earmarked to fund this in 2024/25 only.
- Household Support Fund for 2024/25 announced initially for 6 months, so used to cover £500k of cost. Further 6 months extension has allowed that to be topped to £650k.
- As such around £650k to £850k could be carried forward for a scheme in 2025/26 (roughly half the support)
- If HSF is a full allocation for 2025/26 as expected a full LCTS Top Up could be run again.

# Budget 2024/25 Key Dates

Date	Item
<b>September CPI release date 12th October</b>	Crucial step in core settlement process as this rate drives the inflationary uplifts on much of the settlement. MTFS assumes 2%, current CPI was 1.7%
<b>Autumn Statement 30<sup>th</sup> October</b>	This will provide indications of what will be in the provisional settlement
<b>OSMB 13<sup>th</sup> November</b>	September Financial Monitoring
<b>Cabinet 18th November</b>	September Financial Monitoring
<b>Cabinet 16<sup>th</sup> December</b>	MTFS Technical Update
<b>Provisional Settlement Mid-December estimate</b>	Provisional financial settlement to support MTFS and Budget assumptions
<b>OSMB 14<sup>th</sup> January</b>	November Financial Monitoring Report
<b>OSMB 14<sup>th</sup> January</b>	MTFS Technical Update post Provisional Settlement
<b>Final Settlement Early January estimate</b>	Finalisation of budget post Settlement
<b>Cabinet 20<sup>th</sup> January</b>	November Financial Monitoring
<b>OSMB Wednesday 5th February</b>	Budget and Council Tax 2023/24 and MTFS report December Financial Monitoring Report
<b>Cabinet Monday 10th February</b>	Budget and Council Tax and MTFS report December Financial Monitoring Report
<b>Council Wednesday 5<sup>th</sup> March</b>	Budget and Council Tax and MTFS report including Statutory Resolution of Council Tax